



ALES strengthens the financial institutions capacity to efficiently and effectively service the agricultural sector by:

- ✓ Cost-efficient and standardized assessment of loan applications for various agricultural loan products by using a scoring methodology to establish the agronomic quality of a potential client and to calculate its capital need
- ✓ Improved structuring of payment schedules and better evaluation of a client's repayment capacity (also for farmers and / or agricultural enterprises involved in various agricultural activities) adjusted to its cash flow



- ✓ Reduction of cost of client analysis and loan loss risks by filtering and eliminating non-profitable agricultural activities
- ✓ Comprehensive loan analysis and loan decision based on various criteria: working capital need, income, loan request and guarantor
- ✓ Sound method to train lenders in agricultural lending on loan application, evaluation, and approval process, enabling them to efficiently target this largely untapped market
- ✓ Prompt reaction to any changes or events in the respective market.

By using tech-cards to come up with expense and income figures for each crop and by calculating the average gross margin of a farming enterprise, ALES gives indications on the repayment capacity. ALES provides an efficient and standardized way of working with agricultural clients particularly for loan officers with little or no knowledge on agriculture. The tool can further easily be integrated into the financial institution's banking system and risk approach. To ensure that the tool is accommodating the needs and preferences of financial institutions, ALES is tailor-made for each institution. The tool is available as an excel file and as a web-based tool based on SQL.

Using this technology has helped to provide access to finance to more than 32, 000 agricultural MSMEs in rural areas in various countries (more than 200 million Euro loans have been extended). Agriculture lending systems have been implemented in more than 15 partner financial institutions and tech cards have been developed for more than 1,000 agricultural produces. At the same time financial institutions have seen that financing agriculture can be done profitably and at a low risk.

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ALES

A Gateway to Commercial Agricultural Lending

High operational costs, as well as high exposures to risk keep financial institutions from serving the agricultural sector and thus a considerable part of agricultural businesses remain without access to finance. However, the increasing demand for agricultural commodities as well as rising competition in the urban areas has led financial institutions to think again about working with this sector. In response to these challenges, Frankfurt School of Finance & Management has developed an innovative scoring model - Agricultural Loan Evaluation System (ALES).



The tool strengthens the agricultural lending capacity of financial institutions (e.g. banks, MFIs etc.) and establishes the necessary link between farmers / agricultural enterprises and financial institutions. It increases access to finance for agricultural farms as well as SMEs while maintaining a controllable level of risks and costs for financial institutions.